

Annual Report 1972

AR28

304th Year end Jan. 31, 1973

Hudson's Bay Company



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Retail Expansion

Six important new stores opened by the Company in 1972 are featured photographically in this report. Their locations reflect the size and diversity of Canada; communities as different in population as Montreal—2¾ million and Prince Albert—28,000; and as different in character as Vancouver and Frobisher Bay. The merchandise shown was selected from the six major categories—women's wear, men's wear, children's wear, women's accessories, home operating and home decorating represented in 254 Bay stores across Canada.

The 304th Annual General Meeting of Shareholders will be held at the Winnipeg Art Gallery, Winnipeg, Manitoba, on May 15, 1973 at 12:00 noon.

On peut obtenir ce rapport annuel en français sur demande.

Financial Highlights 1972

	Increase over Last Year	This Year	Last Year
SALES	20.3%	\$672,157,000	\$558,553,000
NET EARNINGS (before extraordinary item)	17.6%	\$15,654,000	\$13,313,000
Per share	17.6%	\$1.16	.98¢
DIVIDENDS PER SHARE	—	.52¢	.52¢
CAPITAL EXPENDITURES	52.9%	\$27,282,000	\$17,849,000
CASH FLOW FROM OPERATIONS	19.9%	\$25,507,000	\$21,277,000
Per share	19.9%	\$1.88	\$1.57
SHAREHOLDERS' EQUITY	4.6%	\$195,681,000	\$187,075,000
Per share	4.6%	\$14.44	\$13.80



Directors' Report to Shareholders

The Directors are pleased to present the annual report on the operations and financial position of Hudson's Bay Company for the year ended January 31, 1973. Your Company achieved substantial increases in sales and earnings during the year. The earnings were up by 17.6% to a record of \$1.16 per share. The improvement in sales and earnings was a result of a buoyant demand for consumer goods and the Company's programs to improve productivity and market participation. In addition, the Company benefited from a strong fur market and from higher demand for Canadian petroleum products.

Subsequent to the year end, your Company entered into an agreement of major importance for the future under which it will acquire a substantial minority interest in Siebens Oil & Gas Ltd. subject to the satisfaction of certain conditions.

Canada experienced another year of growth in 1972. Gross National Product rose by 10.6% which, after allowing for inflation, represents real growth of 5.5%. Although the growth pattern fluctuated between quarters and the economy was troubled by inflation and unemployment, these problems were offset by many favourable factors, the most important being record consumer spending which showed the largest gain in ten years. Expenditures for consumer goods and services were up by 11.6% over the 1971 level, the result of a substantial rise in wages and salaries, increased government payments, higher farm incomes and lower rates of personal income tax. Consumer spending was the mainstay of the Canadian economy of 1972 and it gave the retail industry a memorable year.

Financial

Earnings Net earnings were \$15,654,000, compared to \$13,313,000 for the previous year. Earnings before taxes were \$27,379,000, as against \$23,111,000 the year before.

Dividends A half-yearly dividend of 28¢ per share has been declared payable on April 19, 1973 to shareholders of record on March 16, 1973. This represents an increase of 2¢ per share from the semi-annual dividend of 26¢ paid in the previous two years.

Sales Sales increased by 20.3% to \$672,157,000. Retail sales were ahead 22.3%. In addition, fur consignment sales were \$131,666,000, an increase of 20.5%.

Source & Use of Funds Cash flow from operations increased by 19.9% to \$25,507,000, or \$1.88 per share. The accelerated pace of expansion, particularly in retail operations, was accompanied by an increase in capital expenditures to \$27,282,000 from \$17,849,000 in the previous year. Net investment in increased inventories and accounts receivable, principally related to the expansion in retail operations amounted to \$13,913,000. Additional investments amounted to \$762,000. The repayment of long-term debt accounted for \$6,831,000 and dividends for a further \$7,048,000.

Cash flow from operations provided 46% of funds used. The balance was obtained through the greater use of short term borrowings.

As part of the Company's program to maintain an appropriate balance in financing expansion, \$20 million 8¼% 20-year Series E debentures of Hudson's Bay Company Acceptance Limited were sold at par in January 1973.





Operations

Retail Stores The Company's increase in retail sales of 22.3% reflects the sales volumes of new stores which exceeded expectations, the improved performance of existing stores and the inclusion of Freimans' sales for a full year. Sales growth was particularly strong in the final quarter but volumes achieved higher levels throughout the year. The increase in new home formation had a favourable impact on furniture and appliance business, including colour T.V.

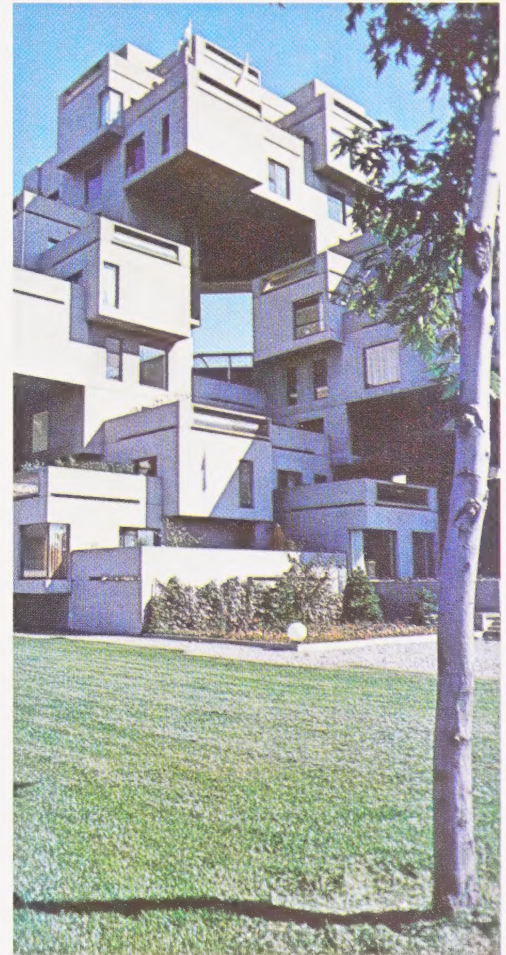
Sales were ahead in all regions of the Company. The Company's program of making significant improvements to its existing facilities has contributed to the improved sales performance.

The accelerated expansion program, which commenced in 1970, continued during the year. The dual objectives of building and maintaining important market positions in Western cities, and improving, in a significant way, the Company's share of retail markets in the major Eastern centres, were furthered by the opening of five major stores during the year. The new store in Surrey Place Shopping Centre is the Company's fourth in metropolitan Vancouver. A new store in the Orchard Park Shopping Centre in Kelowna, B.C. replaces a smaller unit in that community. The Company's third store in Edmonton is located in the Londonderry Mall Shopping Centre. The new Prince Albert store in the South Hill Shoppers' Mall is the Company's twenty-first in Saskatchewan. The opening of the Centre Laval store established the Company in the rapidly expanding northern section of Montreal. An older store at Sarnia was closed and one at Hamilton was transferred to the G.W. Robinson Company Limited, an associated company which also enjoyed higher levels of both sales and profits in 1972. The Company's objective is to increase its service to Northern Canada as rapidly as opportunities present themselves. This year a new store was opened at Grande Cache, Alberta; 12 smaller stores were rebuilt and 13 stores were enlarged.

The Company has undertaken a substantial program to refurbish its retail facilities so that they will have an increased appeal to customers and will improve sales productivity. During the past year the main floors of both the Winnipeg and downtown Vancouver stores were completely remodelled, and interior improvements made to the Cloverdale and Eglinton stores in Toronto and the Boulevard store in Montreal. Fourteen major modernization projects will be carried out this year, the largest scheduled for the downtown stores in Edmonton, Calgary and Ottawa.

In Montreal, the former Morgan department stores began operating as The Bay last June, a logical development in view of the Company's vigorous expansion program in Ontario and Quebec which has done much to increase public awareness of The Bay. This change of name has been well received by Montreal shoppers and reinforces the Company's national reputation as a store selling fashion-right, competitively-priced merchandise.

A new national merchandising office was established last summer in Toronto to help achieve the goals of the expansion program and strengthen the Company's merchandising activities across Canada.





Principal store openings planned for the next three years are summarized in the following table:

City	Shopping Centre	Store Size (Square feet)	To Open
Montreal	Place Versailles	135,000	1973
Toronto	Bramalea City Centre	131,000	1973
Toronto	Mississauga City Centre	129,000	1973
Ottawa	Bayshore Shopping Centre	123,000	1973
Baie Comeau	Downtown	64,000	1973
Vancouver	Champlain Heights	96,000	1973
Toronto	Yonge & Bloor (downtown)	254,000	1974
Toronto	Towne & Counrye Square	124,000	1974
Calgary	Calgary South	165,000	1974
Winnipeg	West Winnipeg	120,000	1975

The Champlain Heights and Calgary South Shopping Centres are being developed by the Company and will be either wholly or majority-owned.

In addition, Merchandise Distribution Centres of 207,000 square feet and 115,000 square feet will be opened in Toronto and Ottawa respectively during 1973.

Fur The record profit from fur operations in 1972 was the result of rising prices and strong demand for practically all types of fur throughout the year. The popularity of both men's and women's fur fashions produced unprecedented demand and prices for long hair furs such as racoon, wolf and fox, as well as a buoyant market for traditional favourites like ranched mink, Persian lamb, and beaver. The results from all three of the Company's fur auction houses reflected these favourable conditions.

A significant development in the Company's London fur operation was the merger of Hudson's Bay Company Fur Sales Limited and Anning, Chadwick and Kiver Limited in June 1972. The new company operates under the name of Hudson's Bay and Annings Limited and is 59% owned by Hudson's Bay Company. The merger will consolidate London's position in the international fur market through the creation of one major fur organization offering larger collections to the advantage of both buyers and producers.

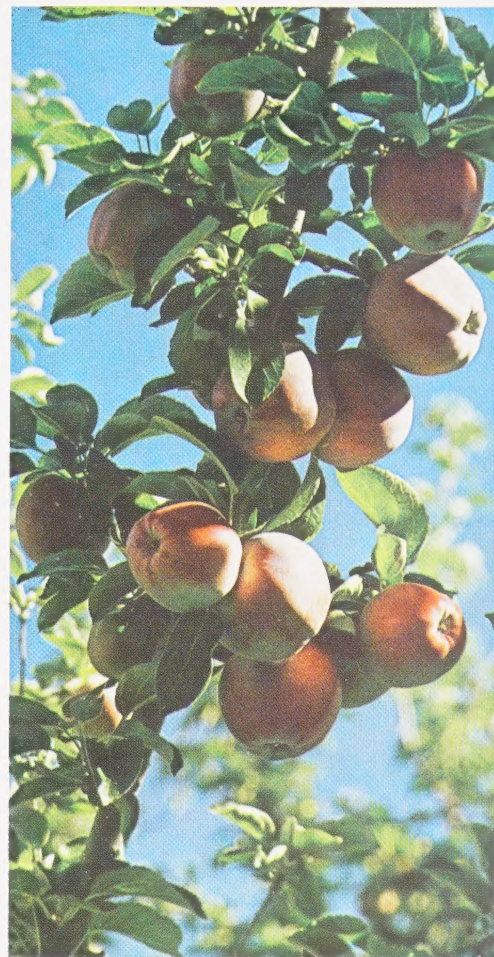
Wholesale Through acquisition, the Wholesale Department added branches in Carleton Place, Ontario; Red Deer, Alberta; and Nanaimo, British Columbia. Operations were expanded in Victoria, Campbell River and Vancouver, British Columbia, as well as in Calgary, Alberta. It was another year of growth for the department with sales increasing 13.3%. Profits were held to a moderate gain because of lower margins, higher advertising expense and non-recurring costs associated with acquisitions. Currently there are 29 branches, compared to 26 a year ago.

Natural Resources

Hudson's Bay Oil and Gas Company Limited In 1972 Hudson's Bay Oil and Gas Company Limited again achieved new highs in operating volumes, revenues, cash generation and net earnings, and further enlarged its spending on exploration activities.

Net earnings were \$27,700,000 (\$1.44 per common share), a gain of 19.8% from the prior year.

Gross operating revenues totalled \$108,600,000, up 14%. Crude oil revenues increased as a result of higher allowable rates of production in Alberta and production from new wells.





Revenues from natural gas and natural gas liquids were higher than the previous year because of deliveries from new plants. Capital expenditures and exploration expenses totalled \$49,000,000 in 1972, almost the same amount as in the previous year. An increase of approximately \$6,000,000 in capital spending is projected for 1973.

As a result of the conversion of convertible preferred shares of Hudson's Bay Oil and Gas Company Limited, 628,000 common shares were issued and the holdings of Hudson's Bay Company were reduced from 21.9% to 21.2% of the common shares.

Hudson's Bay Company's equity in the earnings of Hudson's Bay Oil and Gas Company Limited amounted to \$5,636,000 of which \$2,405,000 was received in dividends.

Siebens Oil & Gas Ltd. In March 1973 the Directors of Hudson's Bay Company approved Letters of Intent whereby Siebens will acquire all the outstanding shares of Hudson's Bay Company Resources Limited, the beneficial owner of mineral rights on 4½ million acres in Western Canada, in exchange for 2,800,000 treasury shares of Siebens. On completion of this exchange, Hudson's Bay Company has agreed with certain Siebens shareholders to purchase a further 403,000 shares of Siebens. On completion of both transactions which are subject to the satisfaction of certain conditions, Hudson's Bay Company will own 3,203,000 shares, 35% of the then outstanding shares of Siebens Oil & Gas Ltd.

On August 31, 1972 Siebens held petroleum rights on approximately 32,000,000 net acres in Canada and, through an affiliate, on 467,000 net acres in the North Sea. In the year ended August 31, 1972 Siebens had gross revenues of \$2,500,000 and a net loss of \$560,000.

The mineral rights acquired by Siebens will increase its annual cash flow by approximately \$3,200,000.

Management

The Board accepted the decision of J. Richard Murray to retire as Managing Director effective November 30, 1972. Mr. Murray had served with distinction in that position since 1959. The period of his leadership was exceedingly eventful for the Company. Perhaps the two most notable accomplishments were the transfer of the head office from United Kingdom to Canada, and the expansion of our retail operations into the major markets of Eastern Canada. His many friends throughout the Company wish him well.

Coincident with Mr. Murray's retirement, a number of senior appointments were announced. Donald S. McGiverin, formerly Managing Director, Retail Stores, was appointed President and Chief Executive Officer. Hugh W. Sutherland, formerly Deputy Managing Director, was appointed Senior Vice President. Ronald E. Sheen, formerly Deputy Managing Director, was appointed Vice President, Merchandising. Peter W. Wood, Treasurer, was appointed Vice President, Finance. Subsequently T. Iain Ronald succeeded Mr. Wood as Treasurer.

The resignation of Sir William Keswick, effective December 31, 1972, was accepted with regret. Sir William had been a director for 30 years, and the 30th Governor from 1952 to 1965, a period of significant Company achievement. His strong leadership and wise counsel were of great value to the Company.

Early this year we were sorry to learn that J. E. H. Collins, M.B.E., D.S.C., had





decided not to seek re-election to the Board for personal reasons. Mr. Collins became a director in 1957 and has given generously of his talents to the benefit of the Company. The Board appreciates his contributions over the last sixteen years.

We are also losing by retirement our senior Canadian director, C. Gordon Smith. He has been a member of the Board since 1957 and before that was a member of the Canadian Committee for four years. His sound advice has been an asset to the Company for two decades.

Warm regards and best wishes are extended to Sir William, Mr. Collins and Mr. Smith.

Personnel

The important contribution made by our personnel each year cannot be over-emphasized. The encouraging achievements of the past year were made possible by the determined efforts of over 17,000 employees to whom the sincere appreciation of the Board is once more extended.

Outlook

We anticipate the Canadian economy will experience a good rate of growth in 1973 and that your Company will continue to share in this growth on an improving basis. The Company's program for the expansion of its retail stores, commenced in 1970, will continue and at least 6 stores will be opened in 1973. The opening of new stores has an immediate adverse effect on earnings but the Directors believe that the program is essential to the Company's future and will improve its competitive position and its profitability. The prospects for a continuing high rate of development of the resources of Northern Canada present the Company with opportunities to expand our services to Northern customers. The wholesale operations of the Company should benefit from a continued high demand for consumer goods.

As the new year began, fur prices and sales were exceedingly strong but, as fur is a cyclical business subject to severe price fluctuations, predictions must be tempered with caution. The merger of Hudson's Bay Company Fur Sales Limited and Anning, Chadwick and Kiver Limited will enable the operations of the merged company to be continued more efficiently and significant improvements in the costs of the company may be anticipated.

In 1973 price increases for oil and natural gas are expected to have a favourable impact on the revenues of Hudson's Bay Oil and Gas Company Limited. Assuming the Siebens transactions are completed, there will be a negative impact on the Company's earnings from its natural resource interests in the short term. However, the combining of the excellent Siebens' land position in Canada and the North Sea with the income flow of Hudson's Bay Company Resources Limited will provide additional cash flow for the exploration of Siebens' properties and is therefore expected to be of significant importance to shareholders of Hudson's Bay Company in the longer term.

On behalf of the Board:
G. T. RICHARDSON,
Governor.
March 16, 1973

D. S. McGIVERIN,
President.





The Company A Brief History

Incorporation It was in late September, 1668, that the ketch *Nonsuch* from England, with Des Groseilliers aboard, anchored in James Bay. Here a small fort was built and the men spent the winter hunting and trading with the peaceful Crees. The following October the ketch arrived back in London with a handsome cargo of beaver pelts. Because of this successful voyage, King Charles II granted to 18 Adventurers a Charter incorporating them as The Governor and Company of Adventurers of England trading into Hudson's Bay.

In 1970, three hundred years after its incorporation, the headquarters of the Company was transferred from the United Kingdom to Canada.

Competition During the first century of the Company's existence the men on the Bay established forts, traded with the Indians and were involved in wars with the French.

As competition from the Montreal-based North West Company increased in the 1770's, the Company moved into the interior and gradually built a network of routes and forts spread out over the north and west. The two rival companies amalgamated under the Hudson's Bay Company name in 1821.

Deed of Surrender In 1870, by Deed of Surrender, the Company's chartered territory was formally transferred to the Government of Canada, in return for farm lands in the Prairie Provinces, which were sold to settlers during the next 85 years.

Following the Deed of Surrender the Company turned its attention to the retail trade, which is now its most important activity.

The Company Today More than 250 stores, ranging from Newfoundland to the Yukon and from the Arctic Islands to the United States border, serve the diversified needs of Canadians. The Bay is strongly represented in 10 of Canada's important cities and is the dominant retailer throughout the Canadian North.

The Company maintains its traditional interest in fur. Although fur accounts for a modest portion of its total sales, the Company is the largest fur trading firm in the world, with auction houses in Montreal, New York and London.

The Wholesale Department distributes giftwares, confectionery, and tobacco products through a network of branches located from coast to coast. The Company's famous blankets and spirits are sold throughout Canada and the United States.

The Company has important investments in natural resources consisting of substantial minority interests in Hudson's Bay Oil and Gas Company Limited and, subject to completion of the transactions mentioned on page nine, in Siebens Oil & Gas Ltd.

In its various activities, the Company employs approximately 17,000 people.

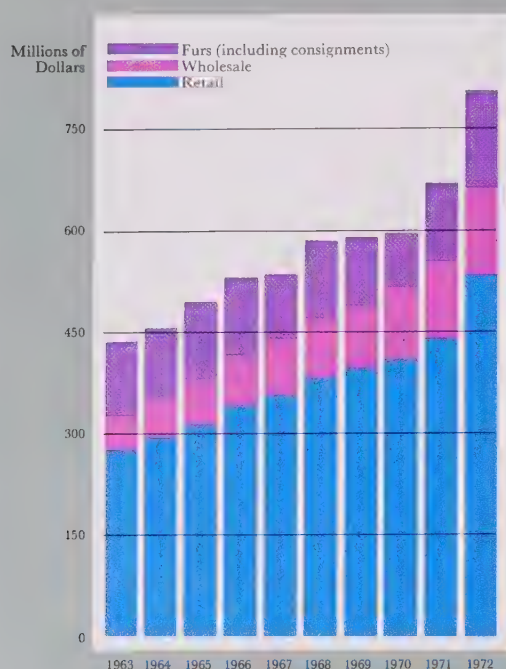


SCALE ONE INCH TO 215 MILES

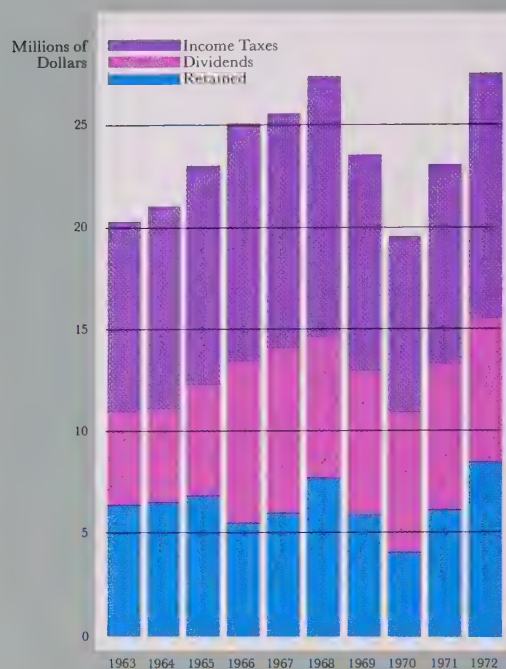
MILES 100 50 0 100 200 300 400 500 MILES



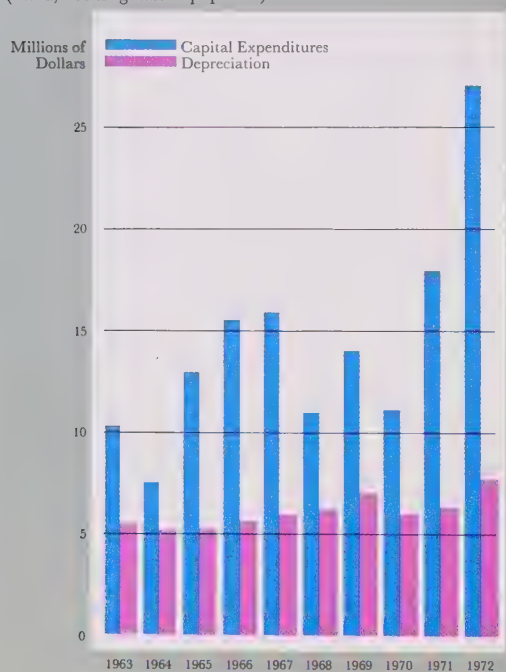
SALES



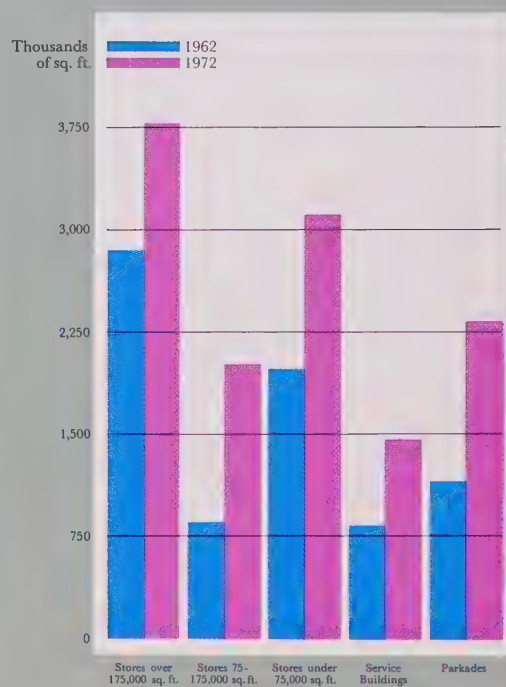
EARNINGS



CAPITAL EXPENDITURES AND DEPRECIATION (Land, Buildings and Equipment)



RETAIL FACILITIES



HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
Year Ended January 31, 1973

	This Year \$	Last Year \$
SALES		
Retail	538,843,000	440,648,000
Fur	6,986,000	6,386,000
Wholesale	<u>126,328,000</u>	<u>111,519,000</u>
	672,157,000	558,553,000
OTHER INCOME		
Royalties from mineral rights	3,122,000	2,722,000
Dividends from Hudson's Bay Oil & Gas Co. Ltd.	2,405,000	2,205,000
Equity in pre-tax earnings of affiliates (Note 3)	861,000	—
Other investment income	<u>86,000</u>	<u>130,000</u>
	678,631,000	563,610,000
COSTS AND EXPENSES		
Cost of merchandise sold and all expenses other than those listed below	634,777,000	527,438,000
Depreciation (Note 6)	7,607,000	6,342,000
Interest on long-term debt	7,464,000	6,907,000
Net short-term interest	<u>1,404,000</u>	<u>(188,000)</u>
	651,252,000	540,499,000
EARNINGS BEFORE INCOME TAXES and extraordinary item	27,379,000	23,111,000
INCOME TAXES	<u>11,725,000</u>	<u>9,798,000</u>
EARNINGS before extraordinary item	15,654,000	13,313,000
EXTRAORDINARY ITEM	<u>—</u>	<u>677,000</u>
NET EARNINGS FOR THE YEAR	<u>15,654,000</u>	<u>13,990,000</u>
EARNINGS PER SHARE		
Earnings before extraordinary item	<u>\$1.16</u>	<u>98¢</u>
Net earnings	<u>\$1.16</u>	<u>\$1.03</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
Year Ended January 31, 1973

	This Year \$	Last Year \$
RETAINED EARNINGS AT BEGINNING OF YEAR	151,836,000	143,144,000
NET EARNINGS FOR THE YEAR	15,654,000	13,990,000
REDUCTION IN STAFF RETIREMENT	—	1,750,000
DIVIDENDS PAID	<u>(7,048,000)</u>	<u>(7,048,000)</u>
RETAINED EARNINGS AT END OF YEAR	<u>160,442,000</u>	<u>151,836,000</u>

HUDSON'S BAY COMPANY & SUBSIDIARIES CONSOLIDATED BALANCE SHEET

January 31, 1973

	This Year \$	Last Year \$
CURRENT ASSETS		
Cash	12,374,000	5,834,000
Short-term securities at market value	2,704,000	10,351,000
Accounts receivable	137,668,000	119,051,000
Merchandise inventories (Note 2)	103,416,000	89,834,000
Prepaid expenses	<u>3,302,000</u>	<u>3,494,000</u>
	<u>259,464,000</u>	<u>228,564,000</u>
INVESTMENTS (Note 3)		
Hudson's Bay Oil and Gas Company Limited	10,095,000	10,095,000
Other	<u>3,709,000</u>	<u>2,504,000</u>
	<u>13,804,000</u>	<u>12,599,000</u>
FIXED ASSETS		
Land and buildings at cost (Note 4)	160,370,000	149,080,000
Equipment, transport and leasehold improvements at cost	<u>64,305,000</u>	<u>50,803,000</u>
	224,675,000	199,883,000
Less accumulated depreciation	<u>79,906,000</u>	<u>74,789,000</u>
	<u>144,769,000</u>	<u>125,094,000</u>
DEFERRED CHARGES		
Unamortized debenture discount and expense (Note 7)	<u>1,023,000</u>	<u>1,067,000</u>
	<u>419,060,000</u>	<u>367,324,000</u>

On behalf of the Board:

George T. Richardson

Director

Sturges

Director

	This Year \$	Last Year \$
CURRENT LIABILITIES		
Bank indebtedness	29,203,000	9,634,000
Notes payable	10,274,000	—
Accounts payable and accrued expenses	76,812,000	58,322,000
Income taxes payable	2,333,000	2,729,000
Long-term debt due within one year	<u>6,070,000</u>	<u>6,988,000</u>
	<u>124,692,000</u>	<u>77,673,000</u>
 LONG-TERM DEBT (Note 7)	 <u>87,376,000</u>	 <u>94,207,000</u>
 PENSIONS (Note 5)	 <u>3,666,000</u>	 <u>3,665,000</u>
 DEFERRED CREDITS		
Deferred income taxes	6,625,000	3,936,000
Excess of book value of subsidiary over cost of acquisition less amortization	<u>266,000</u>	<u>388,000</u>
	<u>6,891,000</u>	<u>4,324,000</u>
 MINORITY INTEREST IN SUBSIDIARIES	 <u>754,000</u>	 <u>380,000</u>
 SHAREHOLDERS' EQUITY		
Capital stock		
Ordinary shares without par value:		
Authorized 20,000,000 shares;		
issued 13,553,428 shares	35,239,000	35,239,000
Retained earnings	<u>160,442,000</u>	<u>151,836,000</u>
	<u>195,681,000</u>	<u>187,075,000</u>
	<u>419,060,000</u>	<u>367,324,000</u>

HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS
Year Ended January 31, 1973

	This Year \$	Last Year \$
SOURCE OF FUNDS		
Net earnings for the year (before extraordinary item).....	15,654,000	13,313,000
Less equity in net earnings of affiliates	(443,000)	—
Depreciation	7,607,000	6,342,000
Deferred income taxes	<u>2,689,000</u>	<u>1,622,000</u>
Provided from operations (before extraordinary item).....	25,507,000	21,277,000
Extraordinary item	—	964,000
Long-term debt	—	22,726,000
Other—net	<u>297,000</u>	<u>1,738,000</u>
	<u>25,804,000</u>	<u>46,705,000</u>
USE OF FUNDS		
Additions to fixed assets	27,282,000	22,875,000
Dividends.....	7,048,000	7,048,000
Repayment of long-term debt	6,831,000	9,119,000
Increase (decrease) in investments—net	<u>762,000</u>	<u>(4,256,000)</u>
	<u>41,923,000</u>	<u>34,786,000</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(16,119,000)	11,919,000
WORKING CAPITAL AT BEGINNING OF YEAR	<u>150,891,000</u>	<u>138,972,000</u>
WORKING CAPITAL AT END OF YEAR	<u>134,772,000</u>	<u>150,891,000</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Hudson's Bay Company and subsidiaries as of January 31, 1973 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company and its subsidiaries at January 31, 1973 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Canada.
 March 9, 1973.

Pearl, Marwick Mitchell & Co.
 Chartered Accountants

HUDSON'S BAY COMPANY & SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
Year Ended January 31, 1973

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Hudson's Bay Company and all its subsidiary companies. The interest of minority shareholders in the results of two subsidiaries is insignificant and is included with costs and expenses in the consolidated statement of earnings.

The accounts of the U.S. and U.K. subsidiaries have been converted into Canadian dollars at approximately the exchange rates prevailing at balance sheet dates.

2. MERCHANDISE INVENTORIES

Merchandise inventories have been valued at the lower of cost and net realizable value.

3. INVESTMENTS

The investment in Hudson's Bay Oil and Gas Company Limited, carried at cost, is 4,008,656 common shares representing 21.2% of the total issued common shares of that Company. Continental Oil Company holds 53.1% of the common shares. The market quotation at January 31, 1973 on the Toronto Stock Exchange, was \$51½ per share.

Under the equity accounting principle the Company has reflected in earnings its equity in the income of certain affiliates. The income taxes attributable thereto amounting to \$418,000 are included within the consolidated income tax charge. The investments in these affiliates are recorded at cost plus undistributed earnings since acquisition. These affiliates and Hudson's Bay Company's equity therein are set out below:

Merchandising Company

Owen Owen (Canada) Limited	27%
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Shopping Centre Companies

Woodbine-Sheppard Shopping Centre Limited	25%
---	-----

Calbax Properties Ltd.	25%
------------------------	-----

Southgate Shopping Centre Limited	40%
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The aggregate investment in these affiliates and in other miscellaneous investments amounts to \$3,709,000.

4. LAND

Land includes mineral rights underlying approximately 4½ million acres in Western Canada recorded at nominal value.

5. PENSIONS

The unfunded obligation for pensions earned by past service under pension plans is estimated at \$3,666,000 net of related deferred income taxes. Payments to pensioners and funding payments will satisfy this obligation by 1985.

6. DEPRECIATION

All buildings, equipment, transport and leasehold improvements are depreciated, using the straight-line method, at rates which will fully depreciate the assets, over their estimated useful lives.

The depreciation rates applicable to the various classes of assets are substantially as follows:

Buildings	2%— 5%
Leasehold improvements	3%— 5%
Equipment	7%—15%
Transport	20%

7. LONG TERM DEBT	This Year	Last Year
Hudson's Bay Company	\$	\$
8½% series A unsecured notes due 1972 to 1974	3,150,000	10,000,000
9¼% series B unsecured notes due 1973 to 1974	5,000,000	5,000,000
Hudson's Bay Company Acceptance Limited		
6% debentures series A due 1980	10,000,000	10,000,000
5¾% debentures series B due 1983	10,000,000	10,000,000
9½% debentures series C due 1989	20,000,000	20,000,000
8¾% debentures series D due 1991	20,000,000	20,000,000
Hudson's Bay Company Properties Limited		
5¾% first mortgage bonds series A due 1990	12,535,000	12,542,000
7½% first mortgage bonds series B due 1991	9,000,000	9,400,000
Hudson's Bay Company (Quebec) Limited		
4¾% debentures due 1976	455,000	455,000
Hudson's Bay Company Developments Limited		
Mortgages, 7¼% average		
Repayable by instalments to 1988	1,370,000	1,465,000
A. J. Freiman Limited		
4¾% sinking fund bonds series A due 1975	291,000	399,000
6% sinking fund bonds series B due 1979.....	397,000	428,000
6½% sinking fund debentures series A due 1981	1,248,000	1,506,000
	<u>93,446,000</u>	<u>101,195,000</u>
Less instalments due within one year	<u>6,070,000</u>	<u>6,988,000</u>
	<u>87,376,000</u>	<u>94,207,000</u>

Maturities and sinking fund requirements during the next five years are as follows:

1973—\$6,070,000; 1974—\$2,544,000; 1975—\$548,000; 1976—\$1,091,000; 1977—\$817,000

In addition the holders of Hudson's Bay Company Acceptance Limited series C debentures have the right to elect to be repaid in 1975.

Deferred debenture discount and expense are being amortized over the term of the issues to which they related. The amortization is included with interest on long-term debt in the consolidated statement of earnings.

8. REMUNERATION OF DIRECTORS AND OFFICERS

Aggregate remuneration of 19 directors, three of whom retired, in their capacity as directors, was \$105,000. Aggregate remuneration of eight officers, one of whom retired, in their capacity as officers was \$657,000. Six of the officers, one of whom retired during the year, were also directors.

9. COMMITMENTS

Minimum annual rentals under major property leases amount to approximately \$4,282,000 for which the average term is 22 years.

The Company has a commitment, along with others, to meet certain obligations to two shopping centre companies in the event of their default in payment of long-term mortgage bonds secured by the assets of these two companies.

Hudson's Bay Company owns 108,178 common shares representing a 27% interest in Owen Owen (Canada) Limited and 60,892 convertible preferred shares. In addition the Company has agreed to purchase additional convertible preferred shares at various dates to 1978 at prices aggregating \$2,537,000. After such purchases and on conversion of the preferred shares to common shares Hudson's Bay Company will own 49.9% of the then issued common shares of that Company.

10. EVENTS SUBSEQUENT TO YEAR END

Pursuant to an agreement dated January 15, 1973 between Hudson's Bay Company Acceptance Limited and Harris & Partners Limited and Richardson Securities of Canada Limited as underwriters, Hudson's Bay Company Acceptance Limited sold to the underwriters on March 1, 1973 \$20 million principal amount of 8¼% debentures Series E for the sum of \$19,650,000.

On March 9, 1973 the Directors of Hudson's Bay Company Developments Limited, Hudson's Bay Company Resources Limited and Siebens Oil & Gas Ltd. approved the execution of letters of intent whereby Hudson's Bay Company Developments Limited will exchange its holding in its wholly-owned subsidiary Hudson's Bay Company Resources Limited for 2,800,000 shares of Siebens Oil & Gas Ltd. issued from treasury and will purchase from certain Siebens shareholders 403,000 shares of Siebens Oil & Gas Ltd. at a price of \$13 per share. The completion of these transactions is subject to the satisfaction of certain conditions. On completion of these transactions, Hudson's Bay Company Developments Limited, a wholly-owned subsidiary of Hudson's Bay Company, will own 3,203,000 (35%) of the outstanding shares of Siebens Oil & Gas Ltd.

COMPARATIVE SUMMARY

YEAR (Note 1)	1972	1971	1970	1969
THOUSANDS OF DOLLARS				
Sales				
Retail	538,843	440,648	406,096	393,556
Fur	6,986	6,386	4,810	6,713
Wholesale	126,328	111,519	102,769	91,266
	<u>672,157</u>	<u>558,553</u>	<u>513,675</u>	<u>491,535</u>
Fur consignment sales	<u>131,666</u>	<u>109,238</u>	<u>81,723</u>	<u>92,258</u>
Source of earnings				
Retail	24,453	19,225	17,929	20,319
Fur (Note 2)	2,993	2,541	328	1,033
Wholesale	3,316	3,137	2,668	2,361
Royalties	3,080	2,722	2,406	2,189
HBOG dividend	2,405	2,205	2,004	2,004
Finance costs	<u>(8,868)</u>	<u>(6,719)</u>	<u>(5,634)</u>	<u>(4,117)</u>
Earnings before taxes	27,379	23,111	19,701	23,789
Income taxes	<u>11,725</u>	<u>9,798</u>	<u>8,729</u>	<u>10,832</u>
Net earnings	<u>15,654</u>	<u>13,313</u>	<u>10,972</u>	<u>12,957</u>
Dividends	7,048	7,048	6,828	6,980
Earnings retained	<u>8,606</u>	<u>6,265</u>	<u>4,144</u>	<u>5,977</u>
Capital expenditures	27,282	17,849	11,124	14,039
Depreciation	<u>7,607</u>	<u>6,342</u>	<u>5,963</u>	<u>6,966</u>
Fixed assets	144,769	125,094	108,561	103,400
Investments	13,804	12,599	16,856	14,650
Other net assets	<u>124,484</u>	<u>143,589</u>	<u>135,316</u>	<u>115,653</u>
Assets employed	283,057	281,282	260,733	233,703
Long-term debt	<u>87,376</u>	<u>94,207</u>	<u>80,600</u>	<u>56,831</u>
Shareholders' equity	<u>195,681</u>	<u>187,075</u>	<u>180,133</u>	<u>176,872</u>
PER SHARE FIGURES (Dollars)				
Net earnings	1.16	.98	.81	.96
Earnings including equity in earnings of HBOG less dividends	1.39	1.17	.96	1.09
Cash flow	1.88	1.57	1.34	1.51
Dividends	.52	.52	.50	.51
Shareholders' equity	14.44	13.80	13.29	13.05
STATISTICAL INFORMATION				
Shares outstanding (000's)	13,553	13,553	13,553	13,553
Number of shareholders	24,880	25,558	28,945	32,142

Notes: (1) Year ended January 31 of following year.

(2) Fur earnings include commissions on consignment sales.

(3) Figures have, where appropriate, been restated for the purpose of comparability.

(4) Non-recurring items have been excluded from earnings and cash flow but have been included in shareholders' equity.

1968	1967	1966	1965	1964	1963
377,732	355,417	339,962	312,357	291,884	271,938
6,687	4,958	7,290	6,864	8,226	7,776
83,998	78,690	71,029	63,351	57,732	54,389
468,417	439,065	418,281	382,572	357,842	334,103
110,214	90,803	108,792	109,146	95,268	101,013
21,666	20,989	19,971	18,111	17,013	15,705
2,184	936	1,736	2,052	1,637	2,464
2,650	2,482	2,217	1,526	1,160	800
2,228	2,181	2,025	1,827	1,764	1,677
2,004	2,004	1,603	1,603	1,403	1,203
(3,297)	(2,998)	(2,448)	(1,962)	(1,959)	(1,476)
27,435	25,594	25,104	23,157	21,018	20,373
12,732	11,486	11,640	10,848	9,741	9,422
14,703	14,108	13,464	12,309	11,277	10,951
6,872	7,929	7,929	5,352	4,749	4,500
7,831	6,179	5,535	6,957	6,528	6,451
10,995	15,814	15,549	12,912	7,452	10,203
6,198	5,907	5,613	5,166	5,115	5,403
96,327	91,530	81,777	71,841	64,095	61,758
11,590	10,280	10,308	10,308	10,308	10,308
109,835	96,854	98,274	101,976	87,147	83,262
217,752	198,664	190,359	184,125	161,550	155,328
47,195	37,208	36,060	37,719	23,277	23,673
170,557	161,456	154,299	146,406	138,273	131,655
1.08	1.04	.99	.91	.83	.81
1.19	1.12	1.06	.95	.87	.83
1.59	1.51	1.41	1.29	1.21	1.19
.51	.59	.59	.39	.35	.33
12.58	11.91	11.38	10.80	10.20	9.71
13,553	13,553	13,553	13,553	13,553	13,553
31,066	30,201	30,959	29,538	28,753	26,628

Board

GEORGE T. RICHARDSON

Winnipeg
President, James Richardson & Sons, Limited
Governor

A. J. MacINTOSH, Q.C.

Toronto
Partner, Blake, Cassels & Graydon
Deputy Governor

D. S. McGIVERIN

Toronto
President

H. W. SUTHERLAND

Winnipeg
Senior Vice President

R. E. SHEEN

Toronto
Vice President, Merchandising

T. NORBERT BEAUPRÉ

Montreal
Chairman of the Board and President, Domtar Limited

THE RT. HON. LORD COBBOLD, K.G., P.C., G.C.V.O.

London
Director, The British Petroleum Company Limited

J. E. H. COLLINS, M.B.E., D.S.C.

London
Vice Chairman, Morgan Grenfell Holdings Limited

G. R. HUNTER, M.B.E., Q.C.

Winnipeg
Partner, Pitblado & Hoskin

M. W. JACOMB

London
Director, Kleinwort, Benson Limited

J. G. LINKS, O.B.E.

London
Director, Calman Links Limited

W. D. C. MACKENZIE

Calgary
President, W. D. C. Mackenzie Consultants Ltd.

A. M. McGAVIN

Vancouver
Chairman of the Board, McGavin Toastmaster Limited

J. H. MOORE

London, Ontario
President, Brascan Limited

J. BARTLETT MORGAN

Montreal
Chairman of the Board, The Morgan Trust Company

C. GORDON SMITH

Winnipeg
President, Oldgard Limited

Senior Management

A. ADAMIC

General Manager, Central Region

D. G. BUCKLEY

General Manager, Western Region

G. A. BURROWS

General Manager, Wholesale Department

P. L. DAVIES

Managing Director, Hudson's Bay and Annings Limited

C. E. DRURY

General Manager, Catalogue Showrooms

C. W. EVANS

Executive Assistant to the President

A. A. GUGLIELMIN

General Manager, Toronto Metropolitan District

L. J. HENRY

President, Hudson's Bay Company Fur Sales Incorporated

A. R. HUBAND

Secretary

G. J. KOSICH

General Manager, Calgary Metropolitan District

M. H. MacKENZIE

Director of Personnel

J. G. W. McINTYRE

General Manager, Retail Development

A. R. MURRAY

General Manager, Montreal Metropolitan District

D. H. PITTS

General Manager, Northern Stores Department

T. I. RONALD

Treasurer

G. H. ROSTON

General Manager, A. J. Freiman Limited

H. L. SPELLISCY

General Manager, Edmonton Metropolitan District

P. W. WOOD

Vice President, Finance

Corporate Information

HEAD OFFICE

Hudson's Bay House, 77 Main Street,
Winnipeg, Manitoba R3C 2R1

PRINCIPAL BANKERS

*Canadian Imperial Bank of Commerce
Bank of Montreal*

REGISTRARS AND TRANSFER AGENTS

*The Royal Trust Company, Calgary, Montreal, Toronto,
Vancouver and Winnipeg
Williams & Glyn's Registrars Limited, London*

STOCK EXCHANGE LISTINGS

Montreal, Toronto, and London

AUDITORS

Peat, Marwick, Mitchell & Co.

Principal Subsidiary Companies

(wholly-owned unless otherwise indicated)

INCORPORATED IN CANADA

HUDSON'S BAY COMPANY ACCEPTANCE LIMITED

Purchases accounts receivable

HUDSON'S BAY COMPANY DEVELOPMENTS LIMITED

Property owning company

HUDSON'S BAY COMPANY INVESTMENTS LIMITED

Investment holding company

HUDSON'S BAY COMPANY PROPERTIES LIMITED

Property owning company

HUDSON'S BAY COMPANY PROPERTIES (QUEBEC) LIMITED

Property owning company

HUDSON'S BAY COMPANY (QUEBEC) LIMITED

Operating subsidiary in Quebec

HUDSON'S BAY COMPANY RESOURCES LIMITED

Natural resource company

A. J. FREIMAN LIMITED

Operates stores in metropolitan Ottawa

INCORPORATED IN THE UNITED STATES OF AMERICA

HUDSON'S BAY COMPANY, INC.

Wholesale distributors of HBC "Point" Blankets, whiskies and rums

HUDSON'S BAY COMPANY FUR SALES INCORPORATED

Fur brokers

INCORPORATED IN ENGLAND

HUDSON'S BAY AND ANNINGS LIMITED (59%)

Fur brokers

BEAVER HOUSE LIMITED

Property owning company

Principal Equity Investments

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

Petroleum exploration and production

4,008,656 common shares (21.2%)

THE GLENLIVET AND GLEN GRANT DISTILLERIES LIMITED

Distillers and bottlers

461,818 ordinary shares (6.1%)

OWEN OWEN (CANADA) LIMITED

Owens The G. W. Robinson Company Limited, which

operates department stores in metropolitan Hamilton

108,178 common shares (27%)

SOUTHGATE SHOPPING CENTRE LIMITED

Owens and operates shopping centre in Edmonton, Alberta

800 common shares (40%)

CALBAX PROPERTIES LIMITED

Owens and operates shopping centre in Calgary, Alberta

1,000 common shares (25%)

WOODBINE-SHEPPARD SHOPPING CENTRE LIMITED

Owens and operates shopping centre in Toronto, Ontario

25 common shares (25%)

AR28

ENDED JAN 31, 1972

1972 Annual Report

(fiscal year ended January 31, 1972)

Calgary

Calgary, featured photographically in this Report, is the location of the Company's newest suburban store in the Market Mall Shopping Centre.

Hudson's Bay Company has been part of the spirited development of Calgary since "the stampede city" was founded in 1875. It was in Calgary that The Bay opened its first large department store in 1913. Today the Company operates two department stores, a warehouse store, and a service building, having a total area of 860,000 square feet, a 1,000-car parkade, and a wholesale branch.

A major shopping centre, which will include the third Bay department store in the city, is now being planned on a Company-owned site.

Calgary, whose population is 400,000, is headquarters for many of Canada's petroleum companies including Hudson's Bay Oil and Gas Company Limited.

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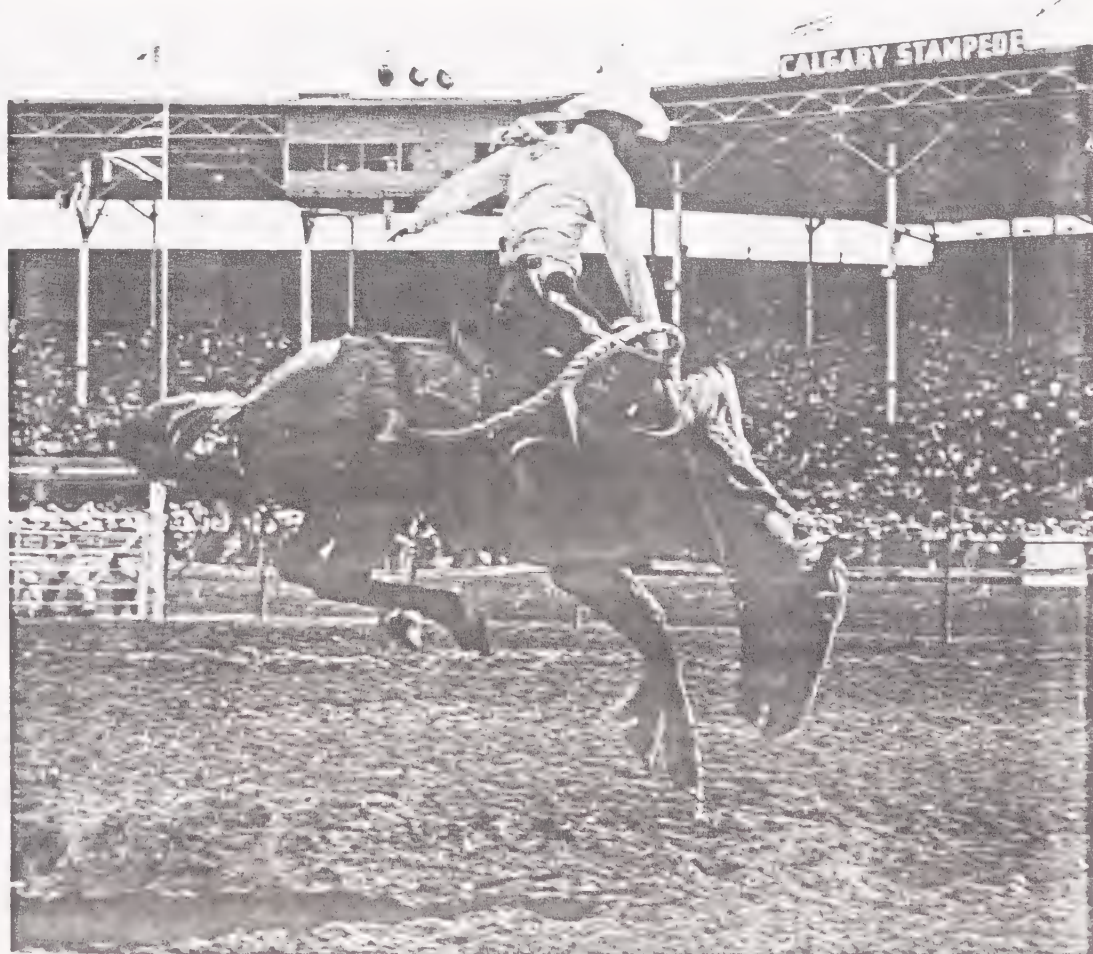
The 303rd Annual General Meeting of Shareholders will be held at the Winnipeg Convention Centre, Winnipeg, Manitoba, on May 16, 1972, at 12:00 noon.

On peut obtenir ce rapport annuel en français sur demande.



Year Ended January 31, 1972

Note: Previously finance costs were allocated to three sources of earnings—Retail, Fur, and Wholesale. Figures for prior years in this statement and in the ten-year summary on pages 24 and 25 have been restated.



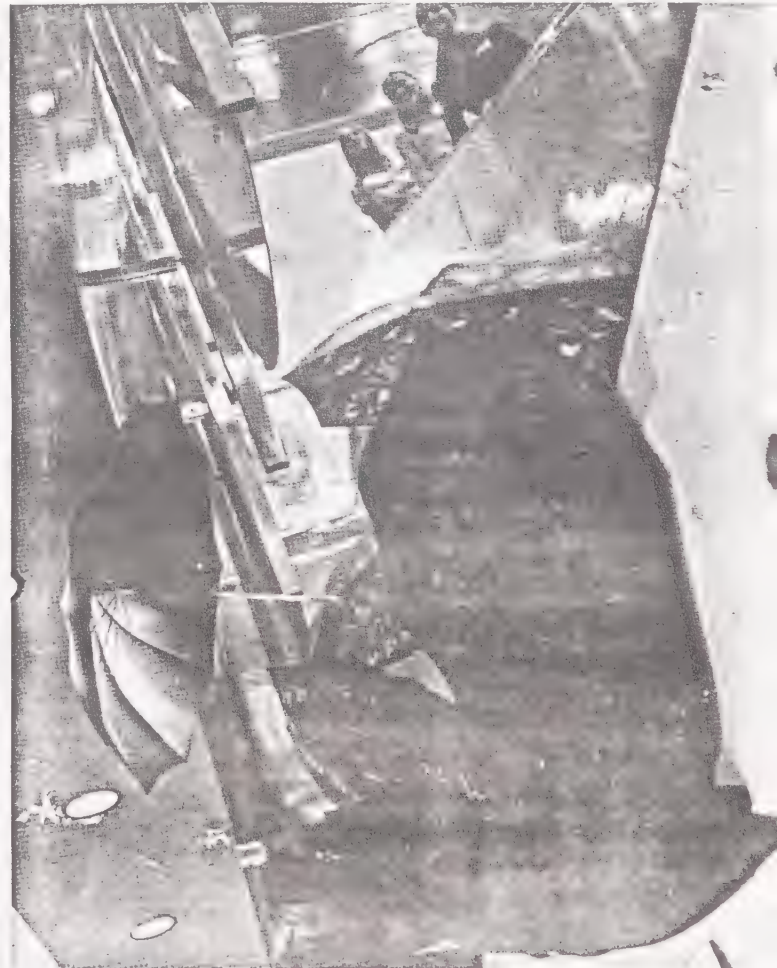
	1972 \$	1971 \$
NET SALES	558,553,000	513,675,000
CONSOLIDATED EARNINGS (before extraordinary item)		
Earnings before income taxes	23,111,000	19,701,000
Income taxes	9,798,000	8,729,000
Net earnings	13,313,000	10,972,000
Earnings per share	98¢	31¢
Dividends paid	7,048,000	6,828,000
Dividends per share	52¢	50¢
CONSOLIDATED BALANCE SHEET		
Fixed assets	125,094,000	108,561,000
Investments	12,599,000	16,855,000
Other net assets	143,589,000	133,567,000
Assets employed	281,282,000	258,983,000
Long term debt	94,207,000	80,600,000
Shareholders' equity	187,075,000	178,383,000
SOURCE OF EARNINGS (before extraordinary item)		
Retail	19,225,000	17,929,000
Fur	2,541,000	328,000
Wholesale	3,137,000	2,668,000
Royalties	2,722,000	2,406,000
Dividends—Hudson's Bay Oil & Gas Co. Ltd.	2,205,000	2,004,000
Finance costs (Note)	(6,719,000)	(5,634,000)
Income taxes	(9,798,000)	(8,729,000)
Net earnings	13,313,000	10,972,000



Calgary, situated between Plains and Foothills, has a skyline dominated by the 626-foot Calgary Tower. The City's most famous attraction is its Stampede which has been held annually since 1912. This great outdoor show is highlighted by Indians, cowboys, cowgirls, bucking broncos and chuckwagons careening around the track. Many Stampede activities take place at or near The Bay.

The recovery in the consumer sector of the Canadian economy and a dramatic upturn in fur prices were the principal reasons for an increase in Company earnings from 81¢ to 98¢ per share in 1971.

Important market positions in two of Canada's major cities were achieved through the purchase of A. J. Freiman Limited of Ottawa, and the acquisition of a substantial interest in The G. W. Robinson Company Limited of Hamilton. The pace of the Company's retail development programme was accelerated during the year.



Earnings Net earnings were \$13,313,000 (98¢ per share), an increase from \$10,972,000 (81¢ per share) in the previous year. This year's earnings exclude a non-recurring profit of \$677,000 (5¢ per share) arising from the sale of two warehouse buildings in British Columbia. Earnings before taxes amounted to \$23,111,000, compared with \$19,701,000 the year before. The consolidation of Freiman's profits from December 20, 1971, had only a nominal effect on this year's earnings.

Sales Sales increased by 8.7% to \$558,553,000. Retail sales were ahead by 8.5%. In addition, the Company's fur consignment sales were up 33.7% to \$109,238,000.

Dividends Half-yearly dividends of 26¢ per share were paid on April 19 and October 12, 1971.

Fixed Assets Net fixed assets at the year-end were \$125,094,000, an increase of 15.2%. This figure includes \$5,026,000, represented by a consolidation of the Freiman fixed assets. Capital expenditure during the year, excluding acquisition costs with respect to Freiman's and Robinson's, was \$17,849,000, 60.5% higher than a year ago. Depreciation was up 6.4% at \$6,342,000.

Long Term Debt In June 1971, a wholly-owned subsidiary, Hudson's Bay Company Acceptance Limited, sold \$20,000,000, 8¾% Series D Debentures. The total long term debt of the Company and its subsidiaries at January 1972, after deducting amounts due within one year, was \$94,207,000.

A. J. Freiman Limited, Ottawa Hudson's Bay Company made an offer on December 7, 1971, of \$6 cash for each of the 765,000 outstanding common shares of A. J. Freiman Limited.

At the year-end the offer, which remains open to April 10, 1972, had been accepted by owners of 92,514 Freiman shares for a consideration of \$4,248,000. Freiman's operates three department stores and two Freiman's discount department stores, all in the Metropolitan Ottawa area.

For the year just ended Freiman's sales were up 7.2% at \$32,695,000 and earnings before tax were ahead 7.0% to \$538,000, of which \$93,000 was earned after acquisition of control.

The G. W. Robinson Company Limited, Hamilton Hudson's Bay Company agreed to acquire, with effect from January 1972, a 49.9% interest in Owen Owen (Canada) Limited, of which Robinson's is a wholly-owned subsidiary. Hudson's Bay bought an initial 27.0% interest for \$1,628,000 and agreed to increase its holdings to 49.9% over a period of six to nine years through the purchase and conversion of preferred shares.



The Bay in the Market Mall Shopping Centre in 1971, is a colourful new concept in convenience shopping. Throughout the store are open to with a comprehensive selection of merchandise combining notable efficiency with beautiful decor.

As part of the transaction Robinson's will purchase the Hudson's Bay store operation in the Greater Hamilton Shopping Centre in August 1972. This, together with the opening of a new store in 1973, will bring the number of Robinson's department stores to four in the Hamilton area.

Subsidiary Companies In 1971, the year following the transfer of the Head Office to Canada, some of the Canadian subsidiaries were reorganized for greater efficiency and simplicity. A list of principal subsidiary companies and principal equity investments is included on page 28.

Operations

The Canadian economy, under the influence of expansionary fiscal and monetary policy, experienced a strong recovery trend in 1971. This was temporarily interrupted in the third quarter by some uncertainty arising from the imposition of import restrictions by the United States. Stimulated by greater consumer spending, increased residential construction, and higher Government expenditures, the Gross National Product increased by 9%, of which approximately 6% represents growth in real terms.

Retail Stores Sales in the Company's retail stores rose 8.5%, responding to the favourable economic trends experienced during the year. The increase in volume was particularly marked in the stores situated in the smaller communities, and in the high-growth suburban markets. Sales of major appliances were favourably affected by an increase in the number of housing completions and a higher



demand for colour television.

The Company's retail development programme was sharply accelerated in 1971. Its objective is to expand in those major cities now served by the Company to ensure that the Company's present investment will be protected and that the full potential of the business in these cities can be achieved. The pre-opening expenses and start-up expenses of new stores have reduced the profit improvement in 1971, and will inevitably have a restraining effect on earnings for the next few years. However, the Board considers the programme essential for the longer term prosperity of the Company. Five suburban stores, opened within the last three years, continue to show encouraging results.

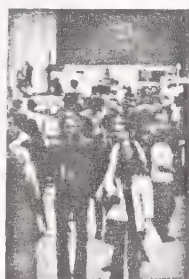
An effective representation in the eastern markets has been brought closer to reality during the year. The acquisition of Freiman's, a long established and well regarded Ottawa de-

partment store company, together with the announcement of a new Hudson's Bay store in the proposed Bayshore Shopping Centre, will enable the Company to play an important retail role in the nation's capital, the metropolitan population of which now exceeds 600,000. The G. W. Robinson Company Limited, established in 1898, is one of the leading retailers in the Hamilton area, with two full-line department stores. The Company's interest in the combined and expanded operations of Robinson's and The Bay will provide a much stronger participation in the Metropolitan Hamilton market of half a million people. The planned entry into downtown Toronto in 1974, with a 236,000 square foot store at Bloor and Yonge Streets, coupled with two additional suburban stores to be added by that time, will substantially strengthen the presence of the Company in Canada's largest retail market. The overall position in Metropolitan

Montreal will be improved by a new store in Laval in 1972.

In the West, the largest addition to retail facilities in 1971 was a 160,000 square foot store opened in August in the Calgary Market Mall. This shopping centre is one of three in which the Company has important minority equity interests. Two additional stores have been announced for Vancouver and one each in Edmonton, Kelowna, and Prince Albert.

In the North new stores were opened during 1971 in The Pas, Manitoba; and Frobisher Bay and Resolute Bay in the Northwest Territories. Stores were acquired in Labrador City and Grand Falls, Newfoundland; and Geraldton, Marathon, Red Rock, and Schreiber in northwestern Ontario. In addition, three stores were rebuilt: Rupert's House, Quebec (the site of the Company's first trading post); Dillon, Saskatchewan; and Pickle Lake, Ontario; and a further thirteen stores were enlarged.



As shoppers enter the downtown store the sun creates striking patterns through the columns.

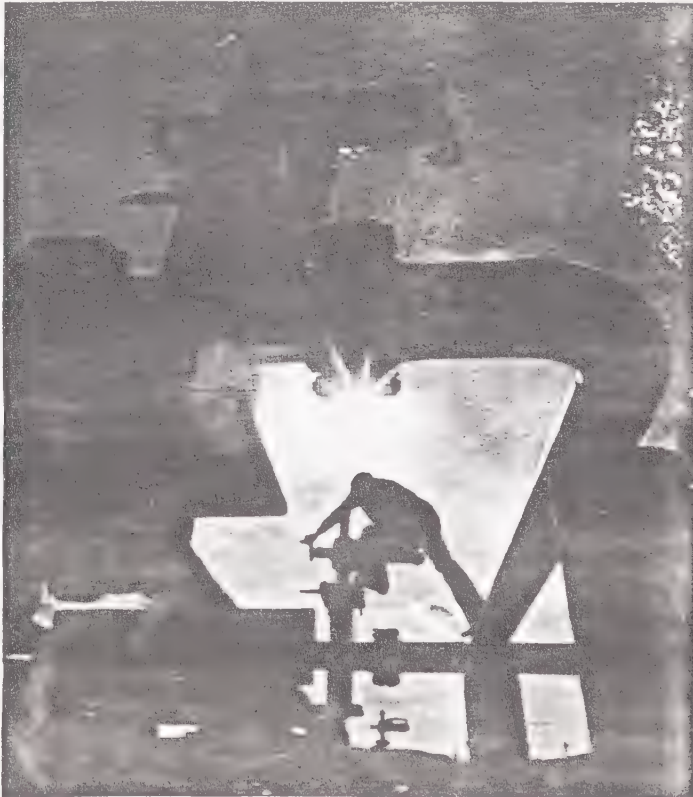
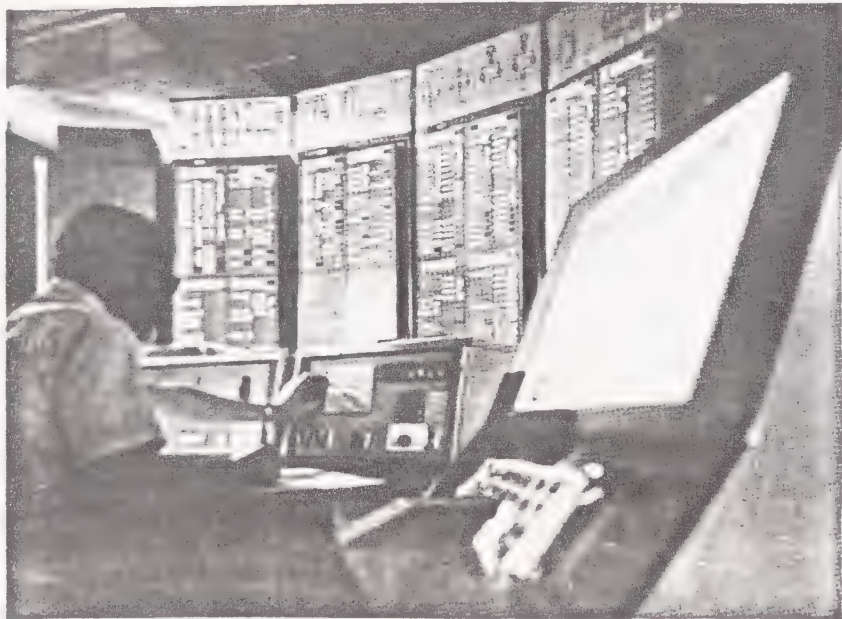
Principal store openings planned for the next three years are summarized in the following table:

		SIZE	TO OPEN
		(Square feet)	
Montreal	Centre Laval	134,000	1972
Edmonton	Londonderry Mall	120,000	1972
Vancouver	Surrey Place	120,000	1972
Kelowna	Orchard Park Shopping Centre	81,000	1972
Prince Albert	South Hill Shoppers' Mall	71,000	1972
Toronto	Bramalea City Centre	126,000	1973
Ottawa	Bayshore Shopping Centre	120,000	1973
Vancouver	Fraserview Mall	90,000	1973
Base Comeau	City Centre	65,000	1973
Toronto	Bloor and Yonge (downtown)	236,000	1974
Toronto	Mississauga City Centre	120,000	1974

Wholesale The Wholesale Department continued to expand, mainly through growth at branches in communities already served. The purchase of a business in Lethbridge, Alberta, brought to 26 the number of branches across Canada.

Fur The recovery in world fur prices, which had drifted to distressingly low levels during 1970, gained momentum through the year, and prices were sharply higher for nearly all types in January 1972. However, the low prices of the prior two years had caused many mink ranchers to withdraw from the business, with the result that world mink production in 1972 is expected to be substantially lower than two years ago.

The Company's New York auction house, which had been in a loss position for two successive years, marketed more ranched mink at higher prices, and achieved a welcome profit. The same market conditions prevailed this



year in Montreal and contributed to excellent sales and profits.

A strong demand for Swakara and Afghan Karakul was mainly responsible for the remarkably successful year in London where sales and commissions were at an all-time high. This result provided a fitting climax to the 43-year career of Arthur F. Frayling, General Manager, Fur Sales since 1954, who retires this spring.

Mr. Frayling has combined energy, humour, and devotion to the Company's interest in an exemplary manner. The Directors recognize that the success in obtaining furs from over sixty countries throughout the world, for sale in London, has come from the efforts of Mr. Frayling, and we are pleased to place on record our appreciation of his services.



Hudson's Bay Oil and Gas Company Limited, in which Hudson's Bay Company has a 21.9% interest, achieved new levels of operating volumes, revenues, and earnings in 1971, while continuing extensive exploration programmes in Western Canada, the Arctic Islands, and offshore Eastern Canada.

Net earnings for 1971 were \$23,155,000 (\$1.18 per common share), a gain of 14.8% over the prior year.

Gross operating revenues were \$95,307,000, up 13.2%. Crude oil production increased because of a growing market demand and new wells in several fields. These gains, together with a general price increase that became effective late in 1970, led to a substantial advance in crude oil revenues. Higher production at several of the Company's gas plants and a general increase in the price of condensate, led to gains both in natural gas and natural gas



An automated console for control of pipeline shipments and a board room map indicating oil and gas wells, major pipelines and Company land holdings, are two items of interest at the Head Office of Hudson's Bay Oil and Gas Company Limited in Calgary. HBOG operates a number of gas wells in the vicinity of the city.

liquids revenue. Pipeline and product distribution revenues also were significantly higher than in 1970. Capital expenditures and exploration expenses totalled \$48,331,000, compared with \$45,685,000 in 1970.

Dividends paid during the year increased from 50¢ to 55¢ per share. As a result, Hudson's Bay Company received \$2,205,000, up from \$2,004,000 a year ago. Higher prices for crude oil were the principal cause of a 13.1% increase in Hudson's Bay Company's royalty income.

Dividend

Mr. E. O. Faulkner, a Director since 1950, and Deputy Governor from 1952 to 1955, has decided not to seek re-election at the forthcoming Annual General Meeting. We extend to him our sincere appreciation of the notable contribution he has made to the welfare of the Company.

We were pleased to welcome as new Directors during the year Messrs. M. W. Jacomb of London, England; W. D. C. Mackenzie of Calgary, Alberta; and J. H. Moore of London, Ontario.



Personnel

Once again the Board would like to place on record its appreciation to the more than 16,000 men and women who comprise the Company's personnel at over 290 locations.

A major strength of this Company is in its personnel, and we know that their continuing loyalty and dedication will be a vital element in the Company's progress in the exciting years ahead.

On behalf of the Board,
G. T. RICHARDSON,
Governor

March 15, 1972



The sixty-acre site of Heritage Park, which brings to life the drama of pioneer days. A unique development the Rocky Mountain House is constructed. The corral and field provide familiar western scenes. Three of the Company's famous line products

A. J. Freiman Limited

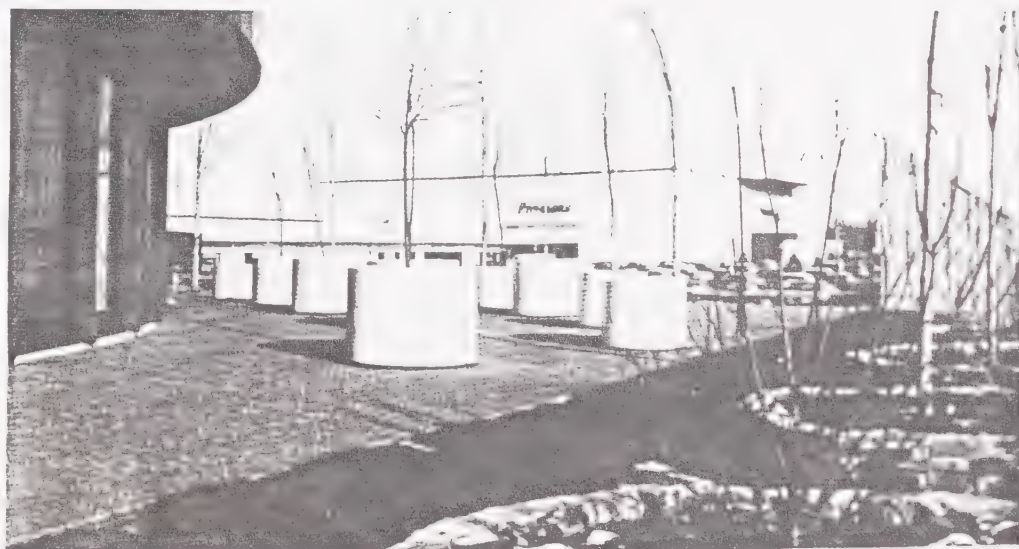
A. J. Freiman opened a store in downtown Ottawa in 1900 and 18 months later moved to the present location at Rideau and Mosgrove Streets. This store has been expanded a number of times, and it has a 400-car parking garage connected by an underground tunnel. The present Company was incorporated in 1921 with A. J. Freiman, the founder, as President.

In 1955 the first branch store was opened in the Westgate Shopping Centre, and in 1962 two Freimart discount stores were opened. Five years later Freiman's moved into its second suburban store in the St. Laurent Shopping Centre.



Since the first store was opened in Ottawa, three generations of the Freiman family have developed and maintained successful merchandising policies. The family is also well-known for its civic and cultural leadership in Canada's capital city.

With five Freiman stores strategically located in the Metropolitan area, and the new HBC store scheduled to open in the Bayshore Shopping Centre in 1973, the Hudson's Bay Company will assume a leading retail position in the expanding Ottawa market.



There are three Freiman and two Freimart stores in Metropolitan Ottawa. The towers of the Chateau Laurier Hotel loom above the downtown store seen here on a pre-Christmas evening.



Victoria
Island

Northwest Territories

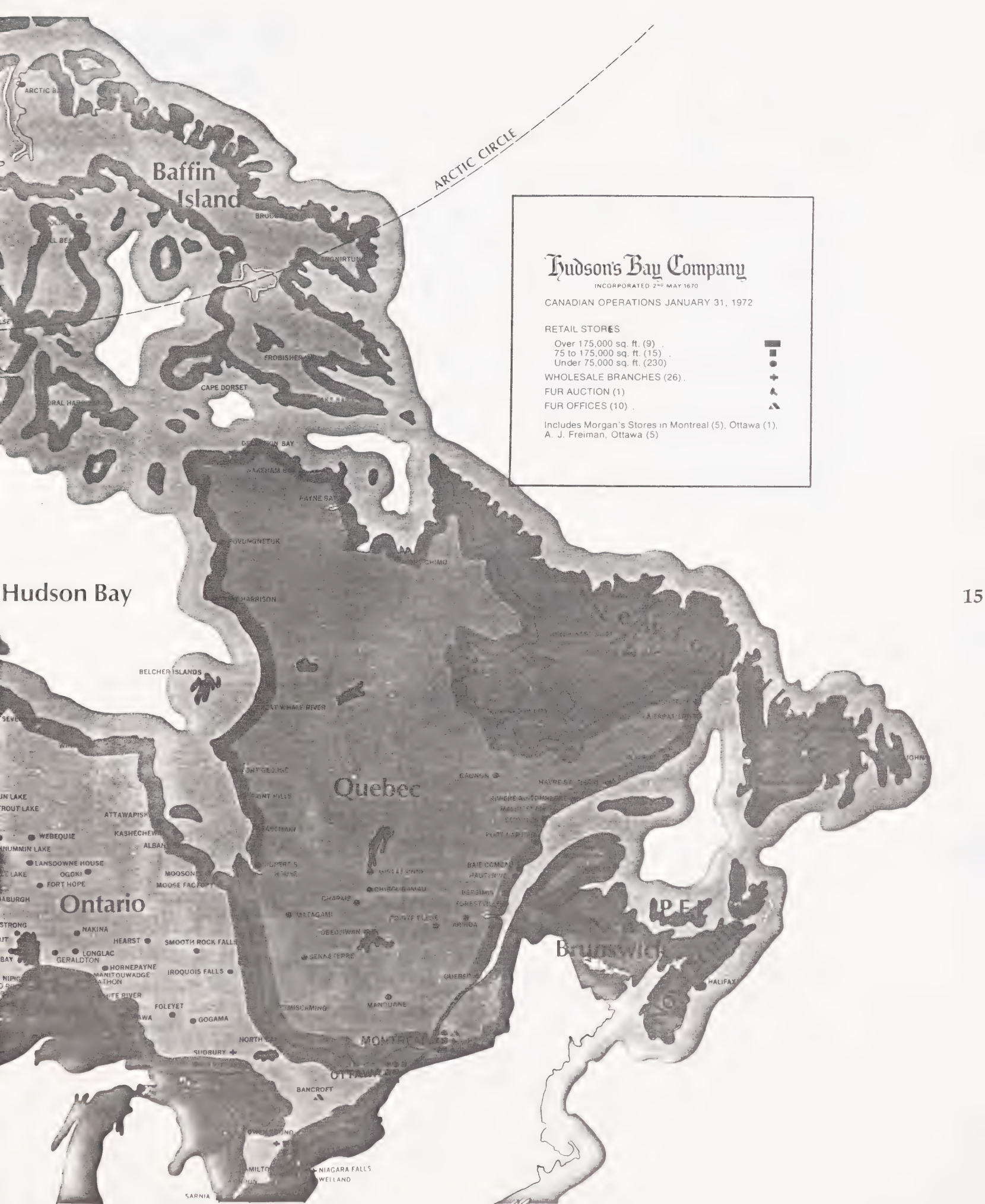
British
Columbia

Alberta

Manitoba

SCALE ONE INCH TO 215 MILES

MILES 100 50 0 100 200 300 400 500 MILES



Hudson's Bay Company

INCORPORATED 2ND MAY 1670

CANADIAN OPERATIONS JANUARY 31, 1972

RETAIL STORES

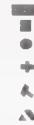
Over 175,000 sq. ft. (9)
75 to 175,000 sq. ft. (15)
Under 75,000 sq. ft. (230)

WHOLESALE BRANCHES (26)

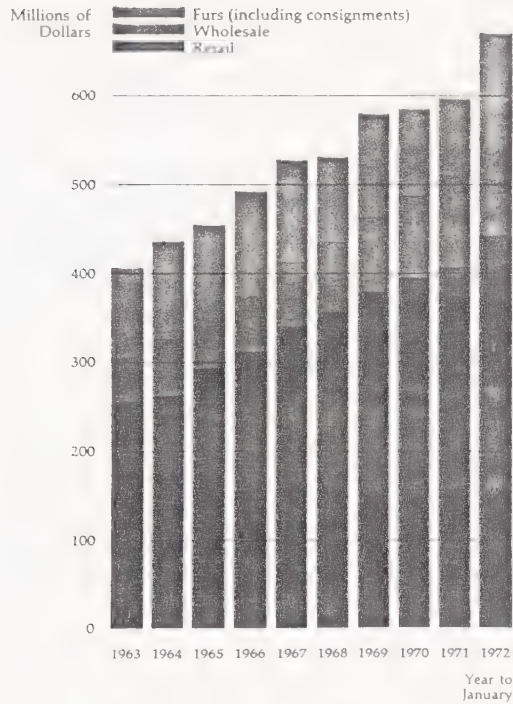
FUR AUCTION (1)

FUR OFFICES (10)

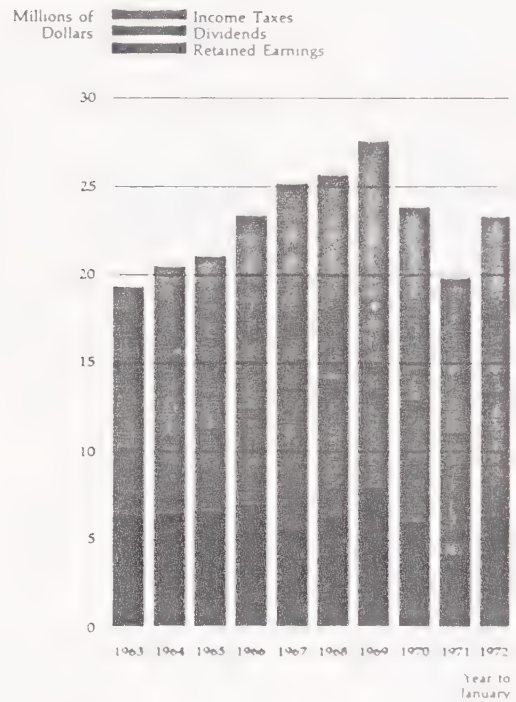
Includes Morgan's Stores in Montreal (5), Ottawa (1),
A. J. Freiman, Ottawa (5)



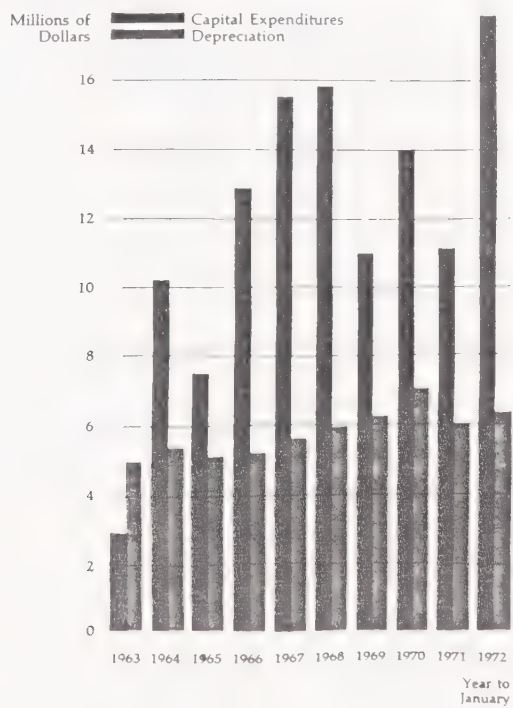
SALES



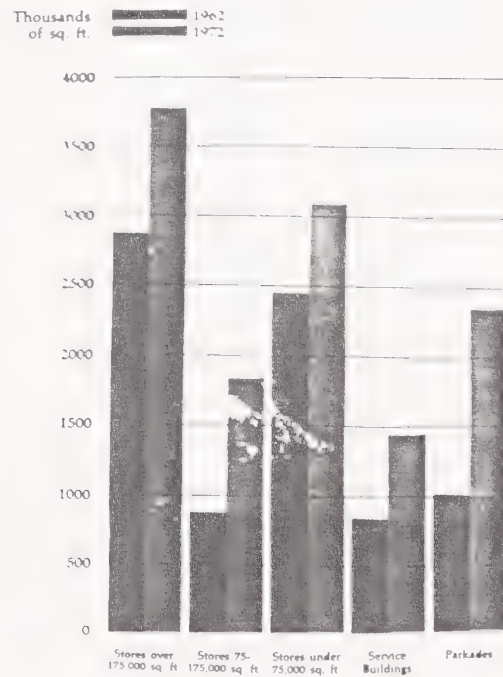
EARNINGS



CAPITAL EXPENDITURES AND DEPRECIATION (Land, Buildings and Equipment)




RETAIL FACILITIES



HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
January 31, 1972

	1972 \$	1971 \$
CURRENT ASSETS		
Cash	5,834,000	3,302,000
Short term securities at market value	10,351,000	3,703,000
Accounts receivable	119,051,000	103,146,000
Merchandise inventories (Note 3)	89,834,000	77,372,000
Prepaid expenses	3,494,000	2,474,000
	<u>228,564,000</u>	<u>189,997,000</u>
INVESTMENTS at cost (Note 4)		
Hudson's Bay Oil and Gas Company Limited	10,095,000	10,095,000
Other	2,504,000	6,760,000
	<u>12,599,000</u>	<u>16,855,000</u>
FIXED ASSETS		
Land and buildings at cost (Note 5)	149,080,000	134,727,000
Equipment, transport and leasehold improvements at cost	<u>50,803,000</u>	<u>40,870,000</u>
	199,883,000	175,597,000
Less accumulated depreciation	<u>74,789,000</u>	<u>67,036,000</u>
	<u>125,094,000</u>	<u>108,561,000</u>
DEFERRED CHARGES		
Unamortized debenture discount and expense (Note 11)	<u>1,067,000</u>	<u>700,000</u>
	<u>367,324,000</u>	<u>316,113,000</u>

On behalf of the Board:


Director


Director

	1972 \$	1971 \$
CURRENT LIABILITIES		
Bank loans and overdrafts	9,634,000	1,199,000
Short term loans	—	600,000
Accounts payable and accrued expenses	58,322,000	46,473,000
Income taxes payable	2,729,000	2,721,000
Long term debt due within one year	<u>6,988,000</u>	<u>32,000</u>
	<u>77,673,000</u>	<u>51,025,000</u>
LONG TERM DEBT (Note 11)	<u>94,207,000</u>	<u>80,600,000</u>
PENSIONS (Note 6)	<u>3,665,000</u>	<u>4,078,000</u>
DEFERRED CREDITS		
Deferred income taxes (Note 7)	3,936,000	2,027,000
Excess of book value of subsidiary over cost of acquisition (Note 2)	<u>388,000</u>	<u>—</u>
	<u>4,324,000</u>	<u>2,027,000</u>
MINORITY INTEREST IN SUBSIDIARY	<u>380,000</u>	<u>—</u>
SHAREHOLDERS' EQUITY		
Capital stock		
Ordinary shares without par value:		
Authorized 20,000,000 shares;		
issued 13,553,428 shares	35,239,000	35,239,000
Retained earnings	<u>151,836,000</u>	<u>143,144,000</u>
	<u>187,075,000</u>	<u>178,383,000</u>
	<u>367,324,000</u>	<u>316,113,000</u>

HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
Year Ended January 31, 1972

	1972 \$	1971 \$
NET SALES		
Retail including service charges	✓ 440,648,000	406,096,000
Fur	✓ 6,386,000	4,810,000
Wholesale	✓ 111,519,000	102,769,000
	✓ 558,553,000	513,675,000
OTHER INCOME		
Royalties from mineral rights	2,722,000	2,436,000
Dividends from Hudson's Bay Oil & Gas Co. Ltd. . . .	✓ 2,205,000	2,004,000
	563,480,000	518,115,000
COSTS AND EXPENSES		
Cost of merchandise sold and all expenses other than those listed below	✓ 527,308,000	486,817,000
Depreciation (Note 9)	✓ 6,342,000	5,963,000
Interest on long term debt	✓ 6,907,000	5,525,000
Net short term interest	✓ (188,000)	109,000
	540,369,000	498,414,000
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	23,111,000	19,701,000
INCOME TAXES	✓ 9,798,000	8,729,000
EARNINGS BEFORE EXTRAORDINARY ITEM	✓ 13,313,000	10,972,000
GAIN ON DISPOSAL OF PROPERTIES less related deferred income taxes of \$287,000	✓ 677,000	—
NET EARNINGS FOR THE YEAR	✓ 13,990,000	10,972,000
EARNINGS PER SHARE		
Earnings before extraordinary item	98¢	81¢
Net earnings	\$1.03	81¢

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
Year Ended January 31, 1972

	1972 \$	1971 \$
RETAINED EARNINGS AT BEGINNING OF YEAR (Note 7)	143,144,000	139,883,000
NET EARNINGS FOR THE YEAR	13,990,000	10,972,000
REDUCTION IN STAFF RETIREMENT (Note 6)	1,750,000	—
TRANSFER ADJUSTMENTS	—	(883,000)
DIVIDENDS PAID	✓ (7,048,000)	(6,828,000)
RETAINED EARNINGS AT END OF YEAR	151,836,000	143,144,000

HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS
Year Ended January 31, 1972

	1972 \$	1971 \$
SOURCE OF FUNDS		
Net earnings before extraordinary item	13,313,000	10,972,000
Depreciation	6,342,000	5,963,000
Deferred income taxes	<u>1,622,000</u>	<u>1,272,000</u>
Provided from operations before extraordinary item .	21,277,000	18,207,000
Gain on disposal of properties	964,000	—
Increase in long term debt	20,563,000	23,801,000
Reduction (increase) in investments, net	4,256,000	(2,205,000)
Other, net	<u>1,738,000</u>	<u>(1,529,000)</u>
	<u>48,798,000</u>	<u>38,274,000</u>
USE OF FUNDS		
Additions to fixed assets, net	22,875,000	11,124,000
Dividends	7,048,000	6,828,000
Current portion of long term debt	<u>6,956,000</u>	<u>—</u>
	<u>36,879,000</u>	<u>17,952,000</u>
INCREASE IN WORKING CAPITAL	11,919,000	20,322,000
WORKING CAPITAL AT BEGINNING OF YEAR	<u>138,972,000</u>	<u>118,650,000</u>
WORKING CAPITAL AT END OF YEAR	<u>150,891,000</u>	<u>138,972,000</u>

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Hudson's Bay Company and subsidiaries as of January 31, 1972, and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company and its subsidiaries at January 31, 1972, and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to an adjustment for deferred income taxes as explained in note 7 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Winnipeg, Canada.
 March 10, 1972.

Pearl, Marwick, Mitchell & Co.
 Chartered Accountants

HUDSON'S BAY COMPANY & SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
Year Ended January 31, 1972

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Hudson's Bay Company and its subsidiary companies, all of which are wholly-owned except A. J. Freiman Limited which was 92.5% owned on January 31, 1972. Sales, expenses and net earnings of A. J. Freiman Limited have been included in the consolidated statement of earnings for the period from December 20, 1971, the date on which controlling interest was acquired. The minority shareholders' interest in the post acquisition net earnings is \$3,000 and this amount is included with costs and expenses in the consolidated statement of earnings.

The accounts of the U.K. and U.S. subsidiaries have been converted into Canadian dollars at approximately the exchange rates prevailing at the balance sheet dates.

2. A. J. FREIMAN LIMITED

A controlling interest was acquired in A. J. Freiman Limited, an Ottawa merchandising company, as a result of an offer of \$6 per share made to all Freiman shareholders.

The book value of the net assets acquired, after adjustments to conform to Hudson's Bay Company accounting practices and after deducting outstanding minority interest, was \$4,672,000. This amount is considered to be the fair value of Hudson's Bay Company's interest in these net assets. The excess of \$388,000 over the cost of acquiring the shares is to be amortized over the next three years.

3. MERCHANDISE INVENTORIES

Merchandise inventories have been valued at the lower of cost and net realizable value.

4. INVESTMENTS

The investment in Hudson's Bay Oil and Gas Company Limited is 4,008,656 common shares representing 21.9% of the total issued common shares of that Company. Other common shares are held by Continental Oil Company (54.9%) and by the general public (23.2%). The market quotation at January 31, 1972, on the Toronto Stock Exchange was \$42½ per share.

During the year a shopping centre company in which Hudson's Bay Company has an equity interest repaid loans totalling \$5,516,000.

5. LAND

Land includes mineral rights underlying approximately 4½ million acres in Western Canada recorded at nominal value.

6. PENSIONS

The unfunded obligation for pensions earned by past service under pension plans is estimated at \$3,665,000 net of related deferred income taxes. Payments to pensioners and funding payments will satisfy this obligation by 1985. The excess of \$1,750,000 in the reserve set aside for staff retirement prior to 1960 has been transferred back to retained earnings.

7. DEFERRED INCOME TAXES

In 1972 an adjustment was made to recognize deferred income taxes applicable to fiscal periods prior to 1965. This adjustment has been applied retroactively and accordingly deferred income taxes at January 31, 1971, have been decreased and retained earnings at January 31, 1970 and 1971, have been increased by \$1,280,000 from the amounts previously reported.

8. REMUNERATION OF DIRECTORS AND OFFICERS

Aggregate remuneration of twenty directors, one of whom retired, in their capacity as directors, was \$98,000. Aggregate remuneration of eight officers, in their capacity as officers, was \$521,000. Six of the officers are also directors.

9. DEPRECIATION

All buildings, equipment, transport and leasehold improvements are depreciated, using the straight-line method, at rates which will fully depreciate the assets over their estimated useful lives.

The depreciation rates applicable to the various classes of assets are substantially as follows:

Buildings	2%— 5%	Equipment	7%—15%
Leasehold improvements	3%— 5%	Transport	20%

10. COMMITMENTS

Minimum annual rentals under major property leases amount to approximately \$3,450,000 for which the average term is 21 years.

The Company has a commitment, along with others, to meet certain obligations of two shopping centre companies in the event of their default in payment of long term mortgage bonds secured by the assets of these two companies.

The Company owns a 27.0% interest in Owen Owen (Canada) Limited and has agreed to purchase convertible preferred shares at various dates to 1978 and at prices totalling \$3,552,000. After such purchases and on conversion of the preferred shares to common shares, Hudson's Bay Company will own 49.9% of the then issued share capital of that Company.

11. LONG TERM DEBT

	1972	1971
Hudson's Bay Company	\$	\$
8½% series A unsecured notes due 1972 to 1974	10,000,000	10,000,000
9¼% series B unsecured notes due 1973 to 1974	5,000,000	5,000,000
Hudson's Bay Company Acceptance Limited		
6% debentures series A due 1980	10,000,000	10,000,000
5¾% debentures series B due 1983	10,000,000	10,000,000
9½% debentures series C due 1989	20,000,000	20,000,000
8¾% debentures series D due 1991	20,000,000	—
Hudson's Bay Company Properties Limited		
5¾% first mortgage bonds series A due 1990	12,542,000	14,160,000
7½% first mortgage bonds series B due 1991	9,400,000	9,400,000
Hudson's Bay Company (Quebec) Limited		
4¾% debentures due 1976	455,000	1,000,000
Hudson's Bay Company Developments Limited		
Mortgages, 7¼% average		
Repayable by instalments to 1988	1,465,000	1,072,000
A. J. Freiman Limited		
4¾% sinking fund bonds series A due 1975	399,000	—
6% sinking fund bonds series B due 1979	428,000	—
6½% sinking fund debentures series A due 1981	1,506,000	—
	101,195,000	80,632,000
Less instalments due within one year	6,988,000	32,000
	<u>94,207,000</u>	<u>80,600,000</u>

Maturities and sinking fund requirements during the next five fiscal years are as follows:

1973 — \$6,988,000; 1974 — \$6,309,000; 1975 — \$2,837,000; 1976 — \$539,000; 1977 — \$1,166,000.

In addition the holders of Hudson's Bay Company Acceptance Limited series C debentures have the right to elect to be repaid in the 1976 fiscal year.

Deferred debenture discount and expense are being amortized over the term of the issues to which they related. The amortization is included with interest on long term debt in the consolidated statement of earnings.

COMPARATIVE SUMMARY

IN THOUSANDS OF DOLLARS

YEARS ENDED JANUARY 31

	1972	1971	1970	1969
Sales				
Retail	440,648	406,096	393,556	377,732
Fur (excluding consignments)	6,386	4,810	6,713	6,687
Wholesale	111,519	102,769	91,266	83,998
Total	558,553	513,675	491,535	468,417
Fur consignment sales	109,238	81,723	92,258	110,214
Source of earnings				
Retail	19,225	17,929	20,319	21,666
Fur	2,541	328	1,033	2,184
Wholesale	3,137	2,668	2,361	2,650
Royalties	2,722	2,406	2,189	2,228
HBOG dividends	2,205	2,004	2,004	2,004
Finance costs (1)	(6,719)	(5,634)	(4,117)	(3,297)
Earnings before taxes	23,111	19,701	23,789	27,435
Income taxes	9,798	8,729	10,832	12,732
Net earnings	13,313	10,972	12,957	14,703
Dividends	7,048	6,828	6,980	6,872
Earnings retained	6,265	4,144	5,977	7,831
Capital expenditures	17,849	11,124	14,039	10,995
Depreciation	6,342	5,963	6,966	6,198
Fixed assets	125,094	108,561	103,400	96,327
Investments	12,599	16,856	14,650	11,590
Other net assets	143,589	135,316	115,653	109,835
Assets employed	281,282	260,733	233,703	217,752
Long term debt	94,207	80,600	56,831	47,195
Shareholders' equity	187,075	180,133	176,872	170,557
Shares outstanding (000's)	13,553	13,553	13,553	13,553
Number of shareholders	25,558	28,945	32,142	31,066
Net earnings per share	98¢(2)	81¢	96¢	\$1.08
Earnings per share including equity in earnings of HBOG	\$1.17	96¢	\$1.09	\$1.19
Cash flow per share	\$1.57	\$1.34	\$1.51	\$1.59
Dividends per share	52¢	50¢	51¢	51¢

(1) Previously finance costs were allocated to three sources of earnings—Retail, Fur and Wholesale.

(2) Earnings for the year exclude a non-recurring gain of 5¢ per share.

(3) Figures have, where appropriate, been restated for the purpose of comparability.

(4) % incurring items have been excluded from earnings and cash flow but have been included in shareholders' equity.

1968	1967	1966	1965	1964	1963
355,417	339,962	312,357	291,884	271,938	256,662
4,958	7,290	6,864	8,226	7,776	6,771
<u>78,690</u>	<u>71,029</u>	<u>63,351</u>	<u>57,732</u>	<u>54,389</u>	<u>50,367</u>
439,065	418,281	382,572	357,842	334,103	313,800
<u>90,803</u>	<u>108,792</u>	<u>109,146</u>	<u>95,268</u>	<u>101,013</u>	<u>91,482</u>
20,989	19,971	18,111	17,013	15,705	14,719
936	1,736	2,052	1,637	2,464	2,201
2,482	2,217	1,526	1,160	800	717
2,181	2,025	1,827	1,764	1,677	1,569
2,004	1,603	1,603	1,403	1,203	1,203
<u>(2,998)</u>	<u>(2,448)</u>	<u>(1,962)</u>	<u>(1,959)</u>	<u>(1,476)</u>	<u>(1,140)</u>
25,594	25,104	23,157	21,018	20,373	19,269
<u>11,486</u>	<u>11,640</u>	<u>10,848</u>	<u>9,741</u>	<u>9,422</u>	<u>9,136</u>
<u>14,108</u>	<u>13,464</u>	<u>12,309</u>	<u>11,277</u>	<u>10,951</u>	<u>10,133</u>
7,929	7,929	5,352	4,749	4,500	3,852
<u>6,179</u>	<u>5,535</u>	<u>6,957</u>	<u>6,528</u>	<u>6,451</u>	<u>6,281</u>
15,814	15,549	12,912	7,452	10,203	2,877
<u>5,907</u>	<u>5,613</u>	<u>5,166</u>	<u>5,115</u>	<u>5,403</u>	<u>4,995</u>
91,530	81,777	71,841	64,095	61,758	56,958
10,280	10,308	10,308	10,308	10,308	10,308
<u>96,854</u>	<u>98,274</u>	<u>101,976</u>	<u>87,147</u>	<u>83,262</u>	<u>72,129</u>
198,664	190,359	184,125	161,550	155,328	139,395
<u>37,208</u>	<u>36,060</u>	<u>37,719</u>	<u>23,277</u>	<u>23,673</u>	<u>14,064</u>
<u>161,456</u>	<u>154,299</u>	<u>146,406</u>	<u>138,273</u>	<u>131,655</u>	<u>125,331</u>
13,553	13,553	13,553	13,553	13,553	13,553
30,201	30,959	29,538	28,753	26,528	24,295
\$1.04	99¢	91¢	83	81¢	75¢
\$1.12	\$1.06	95¢	87¢	83¢	78¢
\$1.51	\$1.41	\$1.29	\$1.21	\$1.19	\$1.11
<u>59¢</u>	<u>59¢</u>	<u>39¢</u>	<u>35¢</u>	<u>33¢</u>	<u>30¢</u>



GEORGE P. B. HANIMON

Winnipeg
President, Hanimons & Co. Limited
Chairman

A. J. ALBERTSON

Winnipeg
Partner, Baker, Albertson & Co. Ltd.
Chairman

J. K. MURRAY

Winnipeg
Managing Director

D. S. McIVERIN

Winnipeg
Managing Director, Real Estate

R. I. SMITH

Winnipeg
General Managing Director

H. W. SUTHERLAND

Winnipeg
General Managing Director

T. NORBERT BEAUPRE

Montreal
Chairman of the Board and President, Domtar Limited

THE RT. HON. LORD COBBOLD, K.G., P.C., G.C.V.O.

London
Director, The British Petroleum Company Limited

J. E. H. COLLINS, M.B.E., D.S.C.

London
Vice Chairman, Morgan Grenfell Holdings Limited

E. O. FAULKNER, M.B.E.

London
Chairman, Lloyds Bank Limited

G. R. HUNTER, M.B.E., Q.C.

Winnipeg
Partner, Firth & Hoskin

M. W. JACOMB

London
Director, Kilmister, Benson Limited

W. J. KESWICK

London
Director, Matheson & Co. Ltd.

J. C. LINKS, O.B.E.

London
Director, Calman Links Limited

W. D. C. MACKENZIE

Calgary
President, W. D. C. Mackenzie Consultants Ltd.

A. M. McGAVIN

Vancouver
President, M. Gavin Toastmaster Limited

J. H. MOORE

London, Ontario
President, Brascan Limited

J. BARTLETT MORGAN

Montreal
Chairman of the Board, The Morgan Trust Company

C. GORDON SMITH

Winnipeg
President, Oldgard Limited

Senior Management

D. G. BUCKLEY

General Manager, Western Region

G. A. BURROWS

General Manager, Wholesale Department

C. W. EVANS

General Manager, Central Region

A. F. FRAYLING

General Manager, Fur Sales

L. J. HENRY

President, Hudson's Bay Company Fur Sales Incorporated

A. R. HUBAND ✓

Secretary

G. J. KOSICH

General Manager, Calgary Metropolitan District

M. H. MacKENZIE

Director of Personnel

J. G. W. McINTYRE

General Manager, Retail Development

A. R. MURRAY

General Manager, Eastern Region

D. H. PITTS

General Manager, Northern Stores Department

G. H. ROSTON

General Manager, A. J. Freiman

H. L. SPELLISCY

General Manager, Edmonton Metropolitan District

P. W. WOOD ✓

Treasurer

Corporate Information

HEAD OFFICE

Hudson's Bay, 1100 St. James Street, Winnipeg, Manitoba R3C 2R1

PRINCIPAL BANKERS

Canadian Imperial Bank of Commerce
Bank of Montreal

REGISTRARS AND TRANSFER AGENTS

The Royal Trust Company, Calgary, Montreal, Toronto,
Vancouver and Winnipeg
Williams & Glyn's Registrars Limited, London

STOCK EXCHANGE LISTINGS

Montreal, Toronto, and London

AUDITORS

Peat, Marwick, Mitchell & Co.

Principal Subsidiary Companies

(wholly-owned unless otherwise indicated)

INCORPORATED IN CANADA

HUDSON'S BAY COMPANY ACCEPTANCE LIMITED ✓

Purchases department stores' accounts receivable

HUDSON'S BAY COMPANY DEVELOPMENTS LIMITED ✓

Property owning company

HUDSON'S BAY COMPANY INVESTMENTS LIMITED ✓

Investment holding company

HUDSON'S BAY COMPANY PROPERTIES LIMITED ✓

Property owning company

HUDSON'S BAY COMPANY PROPERTIES (QUEBEC) LIMITED ✓

Property owning company

HUDSON'S BAY COMPANY (QUEBEC) LIMITED ✓

Operating subsidiary in Quebec

HUDSON'S BAY COMPANY RESOURCES LIMITED ✓

Natural resource company

A. J. FREIMAN LIMITED (92.5%) ✓

Operates stores in metropolitan Ottawa

INCORPORATED IN THE UNITED STATES OF AMERICA

HUDSON'S BAY COMPANY, INC. ✓

Wholesale distributors of HBC "Point" Blankets, whiskies and rums

HUDSON'S BAY COMPANY FUR SALES INCORPORATED ✓

Fur brokers

INCORPORATED IN ENGLAND

HUDSON'S BAY COMPANY FUR SALES LIMITED ✓

Fur brokers

BEAVER HOUSE LIMITED ✓

Property owning company

Principal Equity Investments

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

Petroleum exploration and production

4,008,656 common shares (21.9%)

THE GLENLIVET AND GLEN GRANT DISTILLERIES LIMITED

Distillers and bottlers

461,818 ordinary shares (6.1%)

OWEN OWEN (CANADA) LIMITED

Owens The G. W. Robinson Company Limited, which

operates department stores in metropolitan Hamilton

108,178 common shares (27%)

SOUTHGATE SHOPPING CENTRE LIMITED

Owens and operates shopping centre in Edmonton, Alberta

800 common shares (40%)

CALBAX PROPERTIES LIMITED

Owens and operates shopping centre in Calgary, Alberta

1,000 common shares (25%)

WOODBINE-SHEPPARD SHOPPING CENTRE LIMITED

Owens and operates shopping centre in Toronto, Ontario

25 common shares (25%)

